UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DATATREASURY CORPORATION, Plaintiff, v. WELLS FARGO & COMPANY, et al., Defendants.	)	Civil Action No. 2-06CV-72-DF

DEFENDANT UNIONBANCAL CORPORATION'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT PURSUANT TO FED. R. CIV. P. 12(b)(2) AND BRIEF IN SUPPORT THEREOF

Pursuant to Federal Rule of Civil Procedure 12(b)(2), Defendant UnionBanCal Corporation ("UnionBanCal") hereby moves for an Order dismissing this case with prejudice as against UnionBanCal for lack of personal jurisdiction. As discussed more fully below, UnionBanCal is not engaged in any conduct that would subject it to the proper exercise of personal jurisdiction by this Court. Accordingly, this case should be dismissed with prejudice.[1]

I. INTRODUCTION

On March 28, 2006, plaintiff DataTreasury Corporation ("DataTreasury") filed an Amended Complaint for patent infringement against 56 defendants including UnionBanCal and Union Bank of California, N.A. (a subsidiary of UnionBanCal) in the Eastern District of Texas. In its Amended Complaint, DataTreasury accused UnionBanCal and numerous other defendants of infringing U.S. Patent Nos. 5,910,988, 6,032,137, 5,265,007, and 5,717,868 ("the patents-in-

[1] Prior to filing this Motion, UnionBanCal's attorneys brought the underlying facts concerning UnionBanCal's status as a holding company and lack of contacts with Texas to the attention of plaintiff's counsel in a personal meeting and requested a voluntary dismissal. As of the date hereof, plaintiff's counsel have refused to consent.

700467515v2

Dockets.Justia.com

suit"). Two other patents were included in the Amended Complaint, but were not asserted against UnionBanCal or Union Bank of California, N.A.

In its Amended Complaint, DataTreasury merely alleges that the defendants engaged in unspecified "infringing activities with relation to the products and services of Small Value Payments Co., LLC and The Clearing House Payments Company, LLC," through its use of "a nationwide check image archive and exchange service." Amended Compl. ¶ 65. DataTreasury further alleges that UnionBanCal and certain other defendants are "owners or current users of Small Value Payments Co., LLC and/or The Clearing House Payments Company LLC" and as such are subject to personal jurisdiction because of their infringing activity. Amended Compl. ¶¶ 64-65.

To the contrary of those conclusory allegations, UnionBanCal is a bank holding company that does not participate in any way in the imaging, exchange or settlement of checks or any other retail banking operations and is not an owner or user of Small Value Payments Co., LLC ("SVPCo"). Furthermore, because in its limited capacity as a holding company UnionBanCal has no contacts with the state of Texas, neither the Texas long-arm statute nor the Due Process Clause of the Fourteenth Amendment permit this Court to exercise personal jurisdiction over UnionBanCal. Accordingly, this Court should grant the present motion to dismiss.[2]

---

[2] Because UnionBanCal does not participate in any way in the imaging, exchange or settlement of checks or any other retail banking operations, and is not an owner or user of Small Value Payments Co., LLC, plaintiff's infringement claims also fail to state a claim for which relief can be granted under Federal Rule 12(b)(6). In the unlikely event that UnionBanCal is not dismissed from the case on jurisdictional grounds, UnionBanCal will join in the 12(b)(6) Motion to Dismiss or in the Alternative for A More Definite Statement filed concurrently herewith by Union Bank of California, N.A., The Bank of New York and other defendants challenging the sufficiency of the plaintiff's Amended Complaint.

II. FACTUAL BACKGROUND

UnionBanCal is incorporated and exists under the laws of the state of Delaware. Affidavit of David A. Anderson in Support of Defendant UnionBanCal Corporation's Motion to Dismiss ("Anderson Aff.") ¶ 3, (attached hereto as Exhibit A). UnionBanCal's only office is located at 400 California Street, San Francisco, California. Anderson Aff. ¶ 3.

UnionBanCal is a stock holding company that does not participate in any way in the imaging, exchange or settlement of checks or in any other retail banking operations. Anderson Aff. ¶ 5. UnionBanCal is not involved in the day-to-day management of any of its subsidiaries, including the Union Bank of California, N.A. Anderson Aff. ¶ 6. UnionBanCal is not now and never has been an owner of SVPCo. Anderson Aff. ¶ 7.

UnionBanCal has never had a mailing address, telephone line or bank account in Texas, has never owned, rented, or leased any property in Texas, and has no officers or directors in Texas. Anderson Aff. ¶¶ 8, 9. UnionBanCal also does not have any employees, agents, or offices in Texas. Anderson Aff. ¶ 9. UnionBanCal has not and does not conduct any business in Texas and is not registered to do business in Texas. Anderson Aff. ¶ 10.

III. ARGUMENT

DataTreasury has the burden of demonstrating that UnionBanCal is subject to the jurisdiction of this Court. *Hargrave v. Fibreboard Corp.*, 710 F.2d 1154, 1159 (5th Cir. 1983). To meet this burden, DataTreasury must make a *prima facie* showing of the facts upon which jurisdiction is based. *Id.*

A. Texas Cannot Exercise Either General of Specific Personal Jurisdiction Over UnionBanCal

Texas can only exercise personal jurisdiction over UnionBanCal if its minimum contacts with Texas give rise to either specific jurisdiction or general jurisdiction. *BMC Software*

Belgium, N.V. v. Marchand, 83 S.W.3d 789, 795 (Tex. 2002). DataTreasury's Amended complaint fails to properly set forth any factual basis for this Court's exercise of personal jurisdiction. Nevertheless, even if DataTreasury were to allege a proper basis, neither type of personal jurisdiction is present in this case. Moreover, any exercise of personal jurisdiction over UnionBanCal would violate the principals of due process, and for that reason alone, this Court's exercise of personal jurisdiction over UnionBanCal would be improper.

1. UnionBanCal is Not Subject to General Jurisdiction in Texas

"General jurisdiction may only be exercised when the nonresident defendant's contacts in a forum are continuous and systematic." *BMC Software*, 83 S.W.3d at 797 (citing *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 416 (1984)). In its complaint, DataTreasury alleges that "[p]ersonal jurisdiction exists generally over Defendants pursuant to 28 U.S.C. § 1391 because they have sufficient minimum contacts with the forum as a result of business conducted within the State of Texas and within this district." Amended Compl. ¶ 60. Contrary to these conclusory allegations, the facts set forth in the accompany affidavit establish that UnionBanCal does not have any contacts with Texas, much less "continuous and systematic" contacts. Furthermore, because 28 U.S.C. § 1391 is a venue statute and not a basis for jurisdiction, it is not relevant to an analysis of general personal jurisdiction.

UnionBanCal is a holding company that does not conduct any business in Texas. Anderson Aff. ¶¶ 5, 10. All of the officers of UnionBanCal are located in UnionBanCal's only office, which is in California, not Texas. Anderson Aff. ¶¶ 3, 4. UnionBanCal has never been qualified to do business in Texas, has never had a mailing address, telephone line or bank account in Texas, has never owned any property in Texas, and has no employees, officers or directors in Texas. Anderson Aff. ¶¶ 8-10.

It is axiomatic that an entity with no contacts with a state cannot be found to have the requisite "continuous and systematic contacts" with that same state. Accordingly, this Court cannot properly exercise general personal jurisdiction over UnionBanCal.

2. Texas Cannot Properly Exercise Specific Personal Jurisdiction Over UnionBanCal

"Specific jurisdiction is established if the defendant's alleged liability arises from or is related to an activity conducted within the forum." *BMC Software*, 83 S.W.3d at 796. In its complaint, DataTreasury alleges subject matter jurisdiction pursuant to the patent laws of the United States (Amended Compl. ¶ 59) and alleges that specific personal jurisdiction arises from "Defendants' conduct in making, using, selling, offering to sell, and/or importing, directly, contributorily, and/or by inducement, infringing products and services within the State of Texas and within this district." Amended Compl. ¶ 60. Although these allegations, if factually supported and true might be sufficient to allow this Court to exercise personal jurisdiction over a corporation based in California, the simple fact that UnionBanCal is not involved in any conduct in Texas, let alone any allegedly infringing conduct, and so this Court's exercise of personal jurisdiction over UnionBanCal is inappropriate.

"When a federal question case is based upon a federal statute that is silent as to service of process, Federal Rule of Civil Procedure 4(e) permits a federal court to exercise jurisdiction over only those defendants who are subject to the jurisdiction of courts of the state in which that court sits." *Aviles v. Kunkle*, 978 F.2d 201, 203-04 (5th Cir. 1992). Nothing in the Patent Act (35 U.S.C. §1 et seq.) authorizes nationwide service of process. Accordingly, this Court's exercise of specific personal jurisdiction over UnionBanCal is appropriate only if UnionBanCal would be subject to the jurisdiction of the Texas courts.

The Texas long-arm statute governs the exercise of personal jurisdiction by Texas courts over nonresident defendants. *BMC Software*, 83 S.W.3d at 796 (citing TEX. CIV. PRAC. & REM. CODE §§ 17.041-.045). "Because Texas' long-arm statute extends personal jurisdiction to the constitutionally permissible limits of due process, the determination of personal jurisdiction compresses into a due process assessment." *Aviles*, 978 F.2d at 204 (internal citations omitted). Thus, exercise of personal jurisdiction over a nonresident defendant is constitutional only if the defendant establishes "certain minimum contacts with [the forum state] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Id.* (quoting *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)). UnionBanCal has not established such minimum contacts with Texas because it has no contacts with Texas; thus, exercising jurisdiction over UnionBanCal would not comport with traditional notions of fair play and substantial justice.

a. UnionBanCal Does Not Have Any Contacts With Texas

To satisfy the *International Shoe* minimum contacts requirement, the nonresident defendant "must have 'purposefully directed' his activities at the residents of the forum, and the litigation must result from alleged injuries that 'arise out of or relate to' the defendant's activities directed at the forum." *Aviles*, 978 F.2d at 204 (quoting *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 (1984)). In determining whether a nonresident defendant purposefully established minimum contacts with the forum state, "foreseeability is an important consideration." *BMC Software*, 83 S.W.3d at 795. "[T]he foreseeability that is critical to due process analysis . . . is that the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there." *Burger King Corp.*, 471 U.S. at 474 (quoting *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980)). Thus, "[a] nonresident defendant that has 'purposefully availed' itself of the privileges and benefits of conducting business in the foreign jurisdiction has sufficient contacts with the forum to confer personal jurisdiction." *BMC Software*, 83 S.W.3d at 795 (citing *Burger King Corp.*, 471 U.S. at 474-76). UnionBanCal's activities do not satisfy this test for minimum contacts.

As repeatedly discussed above, UnionBanCal is a holding company that does not conduct any business in the State of Texas. Anderson Aff. ¶¶ 5, 10. UnionBanCal also does not participate in any way in the imaging, exchange or settlement of checks or in any other retail banking operations that apparently form the basis for the otherwise vague charges of infringement leveled in the Amended Complaint. Anderson Aff. ¶ 5. UnionBanCal does not have any employees and all of the officers of UnionBanCal are located in UnionBanCal's only office, which is in California, not Texas. Anderson Aff. ¶¶ 3, 4. UnionBanCal has never qualified to do business in Texas, has never had a mailing address, telephone line or bank account in Texas, has never owned any property in Texas, and has no employees, officers or directors in Texas. Anderson Aff. ¶¶ 8-10. Nor is UnionBanCal an owner of SVPCo as alleged by DataTreasury. Anderson Aff. ¶ 7.

UnionBanCal never purposefully availed itself of the benefit and protection of the laws of Texas. Subjecting UnionBanCal to this Court's jurisdiction would cause UnionBanCal to be haled into this Court without *any* contacts with the forum state. Because this Court's exercise of personal jurisdiction over UnionBanCal would violate UnionBanCal's due process rights, this Court should dismiss the action for lack of personal jurisdiction.

b. Exercise Of Jurisdiction Over UnionBanCal Would Not Be Consistent With Traditional Notions Of Fair Play and Substantial Justice

Under the circumstances here, where UnionBanCal has clearly and irrefutably not purposefully established sufficient minimum contacts with Texas to be subject to the personal jurisdiction of a Texas court, the exercise of personal jurisdiction by the Court would not be consistent with traditional notions of fair play and substantial justice. In evaluating whether the exercise of personal jurisdiction over a nonresident defendant satisfies the fairness prong of the *International Shoe* test, courts may weigh a variety of considerations, including "the burden on the defendant, the forum State's interest in adjudicating the dispute, the plaintiff's interest in obtaining convenient and effective relief, the interstate judicial system's interest in obtaining the most efficient resolution of controversies, and the shared interest of the several States in furthering fundamental substantive social policies." *Burger King Corp.*, 471 U.S. at 477 (internal quotations omitted).

As previously noted, UnionBanCal has no contacts with Texas; thus, it would be unduly burdensome for it to be forced to defend itself in a patent infringement action there. Moreover, the interest of Texas in adjudicating DataTreasury's complaint against UnionBanCal is slight given that UnionBanCal has not engaged in any activity that would injure or even affect citizens of the state of Texas. Because of this, it would be unconstitutional for this court to exercise personal jurisdiction over UnionBanCal and DataTreasury's claims against UnionBanCal must be dismissed.

IV. CONCLUSION

UnionBanCal has been sued in Texas despite having no contacts with the state or any involvement with the accused products or services. Despite counsel for UnionBanCal's efforts to persuade DataTreasury to drop UnionBanCal from the present case, DataTreasury has refused to do so. Instead, DataTreasury brought and has maintained this action for patent infringement against a holding company that does not have any contacts at all with Texas and that is not involved in any way with any product or services that might be protected by DataTreasury's patents. This Court's exercise of personal jurisdiction over UnionBanCal would exceed the authority granted by the Texas long-arm statute and violate UnionBanCal's Fourteenth Amendment due process rights. For these reasons, this Court should dismiss this action as against UnionBanCal for lack of personal jurisdiction.

Respectfully submitted,

June 1, 2006

_/s/_ *Jennifer Parker Ainsworth*___________________

Jennifer Parker Ainsworth
Texas Bar No. 00784720
WILSON, SHEEHY, KNOWLES, ROBERTSON & CORNELIUS, P.C.
909 ESE Loop 323
Suite 400
Tyler, Texas 75701
T: (903) 509-5000
F: (903) 509-5092
jainsworth@wilsonlawfirm.com

Richard Hogan
Texas Bar No. 09802010
PILLSBURY WINTHROP SHAW PITTMAN LLP
2 Houston Center
909 Fannin Street 22nd Floor
Houston TX 77010
T: (713) 425-7327
F: (713) 425-7373
richard.hogan@pillsburylaw.com

Raymond L. Sweigart (pro hac vice submitted)
Scott J. Pivnick (pro hac vice submitted)
PILLSBURY WINTHROP SHAW PITTMAN LLP
1650 Tysons Blvd.
McLean, VA 22102-4859
T: (703) 770-7900
F: (703) 905-2500
raymond.sweigart@pillsburylaw.com
scott.pivnick@pillsburylaw.com

Attorneys for Defendant,
UnionBanCal Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on June 1, 2006. Any other counsel of record will be served by facsimile transmission and first class mail.

/s/ Jennifer Parker Ainsworth
Jennifer Parker Ainsworth